### Office of Inspector General



U.S. Department of State

U.S. Arms Control and Disarmament Agency United States Information Agency, including the Broadcasting Board of Governors

# FY 1999 Annual Work Plan

#### **Foreword**

This annual work plan presents Office of Inspector General (OIG) activities proposed for FY 1999 for the Department of State, the Arms Control and Disarmament Agency (ACDA), and the United States Information Agency (USIA), including the Broadcasting Board of Governors. It provides descriptions of the scope and objectives of proposed program, financial, and security and intelligence oversight audits; schedules for inspections of Department, ACDA, and USIA bureaus, missions, and security and intelligence operations; and summaries of proactive efforts by the Office of Investigations.

This work plan was developed following consultations with interested agency managers and congressional committees and careful consideration of Department, USIA, ACDA, and congressional priorities and concerns. The planned audits and inspections are intended to provide a framework for OIG activities in the coming year, in fulfillment of our vision and mission statement and the goals, objectives, and strategies set forth in the OIG Strategic Plan and FY 1999 Performance Plan.

Like our Strategic and Performance Plans, this is an evolving document, to be revised and updated as necessary to ensure that OIG operations remain relevant, timely, and responsive to the priorities of the foreign affairs community. Our goal is to ensure that our work makes a meaningful and productive contribution to promoting positive change in the Department of State, ACDA, and USIA.

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### **OIG Vision, Mission, and Values**

#### Our Vision

To be an independent and objective force for positive change in the foreign affairs community.

#### Our Mission

The mission of the Office of Inspector General is to propose innovative ideas and constructive solutions that lead to positive change in the foreign affairs community. OIG promotes economy, efficiency, and effectiveness and deters and prevents fraud, waste, and mismanagement in the programs and operations of our client agencies. The Inspector General keeps Congress, the Secretary of State, the Directors of the U.S. Arms Control and Disarmament Agency (ACDA) and the United States Information Agency (USIA), including the Broadcasting Board of Governors (BBG), fully and currently informed about major issues and concerns involving the foreign affairs agencies.

#### Our Values

The Office of Inspector General is committed to:

- Ensuring that our work achieves measurable gains.
- Recognizing that how we achieve results is as important as the results themselves.
  - Working together and communicating effectively.
- Respecting and valuing each employee and supporting one another in achieving our highest potential.
- Encouraging professional development and recognizing exemplary performance.
  - Taking personal responsibility for the quality of our work.

### **Responsibilities and Authorities**

OIG's mission is governed by the following statutory authorities:

Mission Element	Statutory or Other Authority		
Responsibility as Inspector General of the Department of State	Foreign Service Act of 1980 Foreign Relations Authorization Act of 1986-87 Omnibus Diplomatic Security and Antiterrorism Act of 1986		
• Responsibility as Inspector General of the U.S. Arms Control and Disarmament Agency	Arms Control and Disarmament Act of 1987		
• Responsibility as Inspector General of the United States Information Agency, including the Broadcasting Board of Governors	Omnibus Appropriations Act of 1996		
<ul> <li>Conduct audits and investigations of agency programs and operations</li> <li>Promote economy, efficiency, and effectiveness of, and prevent and detect fraud and abuse in, agency programs and operations</li> <li>Keep Congress and the head of agency fully and currently informed of problems and deficiencies in agency programs and operations</li> </ul>	Inspector General Act of 1978, as amended		
<ul> <li>Conduct audits and inspections of each overseas post and domestic bureau or office of the Department of State</li> <li>Assess implementation of U.S. foreign policy</li> </ul>	Foreign Service Act of 1980		
Audit the financial statements of the Department of State	Chief Financial Officers Act of 1990		
Conduct intelligence oversight reviews of overseas missions	Executive Orders 12863 and 12333		

In addition to these mandated mission responsibilities, OIG supports or participates in activities related to agency responsibilities under various legislative mandates, including the Federal Managers' Financial Integrity Act (FMFIA) of 1990, the Government Performance and Results Act (GPRA) of 1993, the Government Management Reform Act of 1994, and the Information Technology Reform Act of 1996 (Clinger-Cohen Act). Other activities are conducted in accordance with memoranda of understanding or other agreements with agency heads or senior managers.

### **OIG Strategic Planning Process**

During FY 1998, the Office of Inspector General developed an integrated planning and oversight structure as a primary vehicle for implementing its strategic and performance plans. Five multifunctional "core groups" have been established to bring to bear the combined skills and expertise of all OIG offices in addressing each of our strategic goals and objectives. The core group structure, which cuts across functional divisions, ensures that the work of the entire organization is considered and coordinated toward the accomplishment of our goals.

Headed by an Assistant Inspector General, each core group includes managers and staff from appropriate segments of each office, including auditors, inspectors, investigators, and security specialists, as well as representatives from the Offices of Congressional and Media Relations, Counsel, and Policy Planning. Each group is responsible and accountable for planning and oversight of activities related to the achievement of one of the five strategic goals, including identifying required strategies and resources; defining and proposing specific jobs and activities; overseeing and monitoring progress; tracking performance data; and recommending modifications to the strategic and performance plans, and related goals and measures, as indicated by OIG performance data and the results of our work.

The core groups have played a primary role in developing this annual work plan. In January 1998, we began soliciting suggestions from principals and senior managers of the State Department, ACDA, USIA, and BBG, as well as chiefs of mission at overseas diplomatic posts, on issues supporting our goals and objectives that we should consider addressing in our annual work plan. The suggestions received, and information derived from ongoing consultations with Congress and the Office of Management and Budget, were reviewed by the core groups, along with the results of past and ongoing work related to our strategic and performance goals. Based on this analysis, the core groups proposed the work, activities, and products that they considered necessary to realizing those goals, along with resource estimates for each proposal. In many cases, these proposals draw on the resources and contributions of several offices to provide a more comprehensive assessment of an issue from a variety of perspectives.

The Inspector General and Executive Staff held individual meetings with each core group to discuss the proposals and resource commitments and how they supported the respective goals. The proposals were revised to reflect the results of these meetings. The Inspector General, Executive Staff, and key core group members then held an offsite conference to make final decisions on the jobs to be included in the annual work plan. Proposals and issues not included in the annual work plan will be

considered as part of next year's performance plan. The strategic and FY 1999 performance plans also were reviewed to ensure that the work included in this annual work plan adequately supports our strategies and measures. In some cases, core group deliberations resulted in canceling some FY 1998 jobs and starting others. Those started late in FY 1998 as a result of this process are described more fully than other carryover projects.

The core groups will monitor the progress of planned activities in achieving OIG goals and objectives. The planning process will continue to be refined as necessary to ensure effective implementation of our strategic and performance plans and support for the planning and performance efforts of the agencies we serve.

### **OIG Goals and Supporting Activities**

#### Strategic Goal 1: Improved implementation of foreign policy

The Secretary of State has established seven broad national interests and strategic goals for international affairs within the following issue areas: National Security, Economic Prosperity; American Citizens and U.S. Borders; Law Enforcement; Democracy; Humanitarian Response; and Global Issues. The Secretary's National Interests and Strategic Goals provide the framework within which OIG will conduct an integrated program of audits, inspections and interdisciplinary reviews to evaluate the progress toward achieving the Secretary's objectives and to identify ways in which policy implementation can be improved and impediments to policy implementation minimized.

OIG work in FY 1999 emphasizes the importance of the need to strengthen the authority of the chief of mission in orchestrating mission resources to accomplish the Secretary's national interests and strategic goals. The OIG mission and bureau inspection program will assess chief of mission effectiveness in this regard and will also identify areas where lines of authority between Washington and our missions need to be clarified and where policy guidance has been inadequate or inconsistent. OIG will conduct an interdisciplinary study of the effectiveness of the chief of mission in coordinating our international law enforcement efforts, and will expand its FY 1998 pilot program in intelligence oversight reviews. OIG will also participate in a compartmented Intelligence Community IG interagency review of foreign intelligence relationships with our particular emphasis being on the chief of mission's policy oversight of relationships. Through these efforts, OIG expects to make a number of recommendations that will strengthen the role of the chief of mission and improve the management structure through which policy is developed and implemented.

OIG will also conduct a number of audits addressing performance in several key program areas under the Secretary's strategic plan. During FY 1999, OIG will emphasize work on Economic Prosperity, Democracy, and Border Security, but we expect to also address progress on the other National Interests and Strategic Goals as we examine them during the course of our regular post management inspections.

Major interdisciplinary work is planned in the area of Economic Prosperity. OIG will conduct a special survey of the Department's economic and commercial functions with the objective of diagnosing whether the Department's and the chief of mission's mandate, staffing, and operations are performing optimally. The survey will include special areas of emphasis at selected missions and interviews with policymakers and end-users in Washington. The framework will include analysis of overlap and coordination of the various agencies charged with collecting economic information or intelligence, conducting economic or trade negotiations, as well as those responsible for policy implementation and trade promotion. Particular subjects of interest will include the role of Department personnel with respect to U.S. economic and commercial interests in France and with respect to the economic downturn in Asia. A capping report on the Department's contribution to achieving the U.S. Government interests in Economic Prosperity will be prepared by the end of FY 1999.

In the area of Democracy, OIG will focus on a number of program dimensions. The planned OIG financial audits of grantee institutions will be supplemented by concurrent reviews to develop information on the accomplishments of the grant programs in achieving democracy objectives. Regular post management inspections will also assess the extent to which the chief of mission and the country team play a significant role in selecting and following up on grantees. Similarly, OIG plans to expand its audit work of international broadcasting to assess its role in furthering democracy. At the end of FY 1999, we will produce a summary report for each performance goal, summarizing the findings, recommendations, and best practices identified during the reviews.

**Performance Goal 1:** Chiefs of mission, with the full support of the Department, have clear guidance and authority to implement and coordinate foreign policy, including U.S. law enforcement and intelligence activities abroad.

## **International Law Enforcement Coordination & Oversight** (4th Qtr FY 98)

This audit flows directly from the national interests and mission goals that the Department has defined for overseas posts to follow in implementing the international affairs strategic plan. Department guidance identifies law enforcement as one of seven overriding national interests and provides specific goals relating to international crime and drug trafficking. This audit will assess the adequacy of information, guidance, and authority provided to chiefs of mission in coordinating law enforcement operations and will identify systemic impediments relating to law enforcement operations that hinder chief of mission ability to implement U.S. foreign policy. Specifically, this audit will examine the functionality of the State Department's November 1996 Memorandum of Understanding with the Justice and Treasury Departments regarding chief of mission authority over law enforcement activities abroad. Where applicable, the audit will examine actual cases where there appear to have been problems in coordination, leading to unsuccessful investigations

or diplomatic embarrassment. In support of our multidisciplinary approach to achieving our performance goals, the Office of Audits will produce a capping report, summarizing relevant findings and information developed on this issue by the various OIG offices and teams.

#### **Economic and Trade Function (1st Qtr FY 99)**

OIG is developing a long-term, coordinated audit and inspection effort to evaluate the effectiveness of overseas posts and the State Department in pursuing the four objectives of the Secretary's strategic economic goal. Inspections will review Chief of Mission coordination of activities and initiatives related to those objectives and their effectiveness. Audits will review selected program efforts related to those objectives, such as reviewing Department efforts to reduce trade barriers. A multidisciplinary team of auditors and inspectors will merge these initiatives into a capping report addressing the extent, appropriateness, and effectiveness of the Department's efforts in this area. The specific projects and efforts to be undertaken will be identified and announced to the Department during the first quarter of FY 1999.

#### Sensitive Compartmented Activity (1st Qtr FY 99)

OIG inaugurated its involvement in joint audits within the framework of the Intelligence Community Inspector General Forum during the past year. We plan to continue to work in a joint relationship with the IC by undertaking a new, compartmented audit that focuses on foreign liaison relationships. Our emphasis will be on the chiefs of mission's policy oversight of these relationships.

**Performance Goal 2:** Lines of authority and communication between the President, the Secretary of State, regional and functional bureaus, U.S. missions abroad, and other U.S. Government entities are clear, consistent, and effective.

Carryover projects from prior fiscal years that support this performance goal include a review of Radio Marti's broadcast content. Projects and reviews for FY 1999 are presented below.

#### **Post Inspections (Continuous)**

A review of lines of authority and communication between the chief of mission and the President, the Secretary of State, and other key U.S. Government officials is an inherent part of every OIG post inspection. OIG reviews the conduct of bilateral relations, the implementation of policy, and the leadership and management of post operations at each post inspected. As part of this review, OIG assesses whether lines of authority have been made clear and chief of mission's authorities have been supported and properly implemented. OIG reviews whether U.S. Government policies have been clearly communicated and are adequate to address the principal issues of bilateral relations. OIG inspections also assess whether other communications and support from all involved U.S. Government entities are adequate to meet the needs of each inspected post.

#### **Assess Foreign Policy Implementation (Continuous)**

This review will draw upon the work of all other FY 1999 activities in support of this strategic goal to produce a capping report on each of the seven national interest and strategic goals for international affairs: National Security, Economic Prosperity, American Citizens and U.S. Borders, Law Enforcement, Democracy, Humanitarian Response, and Global Issues. These brief reports will be designed to capture the attention and engagement of senior managers in the foreign affairs agencies and relevant congressional committees. The objective of these reports is to provide these decisionmakers with a sense of how well the foreign affairs agencies are achieving the goals and objectives set forth in their planning documents, reflecting all OIG reviews and evaluations conducted during FY 1999 that are related to these seven issues. The reports will be prepared by senior members of OIG's permanent staff, supplemented, where appropriate and necessary, by the advice and assistance of former ambassadors, senior officials, and other recognized experts in foreign policy formulation and implementation.

#### **Audience Research (1st Qtr FY 99)**

In recent years, audience research has become a priority for U.S. international broadcasting. The U.S. International Broadcasting Act of 1994 provides that nonmilitary international broadcasting shall be based on reliable information about its potential audience. In the past, within the various broadcasting entities, audience research has met with differing levels of commitment and funding. However, with the establishment of the Broadcasting Board of Governors, audience research has become a much higher priority area. In fact, the BBG has assigned a staff member to monitor research issues and activities. Recognizing the importance of audience research, the International Broadcasting Bureau (IBB) also established a research office in FY 1997 and increased funding to \$1 million. Total research funding in FY 1997 for IBB, Radio Free Europe/Radio Liberty, and Radio Free Asia was about \$2 million. In FY 1998, BBG requested an additional \$1 million to supplement the overall international broadcasting audience research effort.

The primary objective of the audit will be to assess the efforts of the BBG and the broadcasting entities under its control to establish and use a reliable audience research capability. Particular emphasis will be placed on how the data are gathered and used to assess broadcast effectiveness and to assist in decisions concerning the future direction of the various broadcasting operations. In addition, the size of the listening and viewing audiences is one of the performance indicators that broadcasting management will use to assess progress towards meeting the strategic objectives of U.S. international broadcasting. In this regard, the audit will assist OIG in evaluating the appropriateness of the foreign affairs agencies' methodologies for measuring their performance.

### Relationship of International Broadcasting to National Interest Goals (3rd Qtr FY 99)

The mission of U.S. international broadcasting has been to support freedom and democracy worldwide and thus further the National interest goals of the United States. Broadcasts help foreign societies better understand the issues surrounding U.S. foreign policy and American interests. Furthermore, U.S. broadcasting facilitates the mission of other foreign affairs agencies by enabling worldwide audiences

to make enlightened decisions and influence their respective governments. Under the oversight of the BBG, the various broadcasting entities transmit over 2,000 hours of radio and television programming each week in about 60 different languages. Funding for U.S. broadcasting is approximately \$400 million.

The objectives of the audit are twofold: to provide a better understanding of the role of international broadcasting in U.S. foreign policy and to assess whether U.S. overseas missions consider the many hours of programming available in their regions in developing plans to support or further mission goals. In the former, the Office of Audits' International Broadcasting Division will identify and evaluate the interrelationships of the various organizations charged with providing oversight and guidance to U.S. broadcasting. While we clearly recognize BBG's primary oversight role concerning broadcasting, the U.S. International Broadcasting Act of 1994 charges the Secretary of State, acting through the Director of the U.S. Information Agency, with providing information and guidance on foreign policy issues to the BBG. With regard to the second objective, the Office of Inspections, as part of its regular post inspection function, will assist the auditors in determining the extent to which chiefs of mission are aware of, monitor, and use U.S. international broadcasts to further their mission goals.

**Performance Goal 3:** Impediments to effective implementation of foreign policy goals are identified and resolved.

Carryover projects from prior fiscal years that support this performance goal include an audit of consular fraud. Projects and reviews for FY 1999 are presented below.

## **Inspection of the Border Biometrics (Laser Visa) Program** (4th Qtr FY 98)

This inspection will review the progress of the Border Biometrics, or Laser Visa Program, including the construction of temporary processing facilities for the replacement of border crossing cards, production of the new laser visas, the outreach program at temporary processing centers along the border, and implementation of the Memorandum of Understanding between the Department and the Immigration and Naturalization Service on adjudication and production of Mexican border crossing documents. The thematic inspection team, supported by auditors and administrative personnel, will gather data and interview personnel in Washington, D.C., Mexico City, and various consulates and temporary processing facilities along the U.S.-Mexico border. The inspection will assess cost and scheduling criteria; project management; adequacy of physical facilities; resolution of any policy concerns raised by the Mexican Government; compliance with relevant legal authorities; and cooperation between the Departments of State and Justice.

### Department of State's Progress in Reducing Barriers to Trade and Investment (1st Qtr FY 99)

To pursue U.S. economic prosperity, the Department has established four strategic goals, the first of which is to "open foreign markets to free the flow of goods and services." The Department has set these goals in accordance with GPRA, which also

requires laying out specific performance goals and indicators in annual performance plans. This project will review the Department's performance in opening markets, looking at how it helped enforce and expand international agreements to reduce trade barriers. The review will also assess how accurately the Department's performance measures and data sources allow it to measure its own performance.

#### Audit of Asia Foundation (1st Qtr FY 99)

The Foundation, as a private, nongovernmental, grantmaking organization, plays a complementary role in advancing U.S. interests in Asia and the Pacific, strengthening democracy and human rights, opening regional trading opportunities, and encouraging cooperation in the region. The FY 1999 budget request includes \$15 million in funding for the Foundation, which represents an increase of \$7 million from prior years. OIG auditors, with assistance from the Office of Inspections, will assess the Foundation's program coordination with other Federal agencies and nongovernmental organizations (National Endowment for Democracy) and will determine whether adequate methods are in place to evaluate the impact and effectiveness of its programs and whether selected grantees are meeting the requirements of their grant agreements. This audit will be used to determine whether democracy and human rights programs advance long-term U.S. interests in Asia and the Pacific and whether duplication in democracy programs has been reduced to an acceptable level. Where possible, the audit will develop baseline data relating to democracy programs.

### Review of Export Licensing Processes for Munitions and Dual-Use Commodities (1st Qtr FY 99)

The Department has been delegated the responsibility to administer the regulations that govern the export of items and technologies on the U.S. Munitions List for national security, foreign policy, and in furtherance of world peace, under the authority of several laws, including the Arms Export Control Act of 1976. The State Department also reviews, for foreign policy considerations, dual-use license applications referred by the Commerce Department. In September 1993, the Inspector Generals at the Departments of Commerce, Defense, Energy, and State completed a review of the export licensing processes for munitions and dual-use commodities (goods and technologies that have both military and commercial uses). The Chairman of the Senate Committee on Governmental Affairs, in an August 26, 1998, letter, requested that six applicable Inspector Generals (the four listed above plus the CIA and Treasury) update and expand work in this area in light of testimony the Committee received at a June 25, 1998, hearing. The testimony included a description of several problems in the dual-use review process and, more importantly, outlined a general breakdown in licensing controls.

## Audit of Selected Fulbright Commissions and Foundations (2nd Qtr FY 99)

In partnership with the Presidentially appointed J. William Fulbright Foreign Scholarship Board, USIA's Bureau of Educational and Cultural Affairs plans and administers the Fulbright program in cooperation with bilateral Fulbright commissions and foundations in approximately 50 countries, the U.S. education community, nongovernmental organizations, and foreign governments and educational institutions. In 1999, in addition to the focus on increased financial support of \$5 million

(estimated total funding: \$104 million), the program has become an integral part of U.S. bilateral relations with approximately 140 foreign countries critically important to U.S. goals, security, and economic interests. The Office of Audits, with assistance from OIG inspectors, will look at the original legislation or ideas for the programs; how goals for the programs are established; how the programs are linked to foreign policy goals; what role the chief of mission plays in coordinating democracy activities, including Fulbright programs, within the country; and the effect of the Fulbright programs on a particular country or countries. The audit also will examine the adequacy of financial accountability for Federal funds at USIA and Fulbright commissions and will assess U.S.-partner government funding of the program.

## International Exchanges and Training Activities Interagency Working Group (4th Qtr FY 99)

Identifying impediments to effective implementation of foreign policy goals, OIG will evaluate the progress of the working group and performance goals for achieving its objectives, which are (1) to collect, analyze, and report data provided by all U.S. Government departments and agencies conducting international exchanges and training programs, including establishing a clearinghouse for information on exchange and training activities, and (2) to promote greater understanding of, and cooperation on, common issues and challenges faced in conducting international exchanges and training programs. Successful efforts should reduce administrative and programmatic duplication and overlap of activities by the various agencies involved in U.S. Government-sponsored international exchanges and training programs.

# Strategic Goal 2: Better alignment of fiscal and human resources with U.S. foreign policy priorities

OIG will monitor implementation and assess the effectiveness of the State Department, ACDA, and USIA processes for aligning financial, personnel, and other resources with foreign policy goals and priorities. We will use a multidisciplinary approach to examine agency processes and resource commitments, drawing on both our audit and inspection experiences in assessing how resources are used and evaluating operations of Department bureaus and posts. During FY 1999, our efforts will focus on monitoring and assessing the mission and bureau performance plan process and other mechanisms that the State Department, ACDA, and USIA have in place to allocate funding for people, programs, and infrastructures. Based on these assessments, we will identify and recommend improvements needed and will work with the State Department, ACDA, and USIA to ensure an effective mechanism for alignment of resources and foreign policy priorities. We also will establish baselines for measuring FY 2000 and future year changes made by the Department in aligning resources and priorities. In addition, OIG will develop and implement an overall plan for evaluating the extent of State Department, ACDA, and USIA compliance with the performance measurement requirements of GPRA, meeting what we expect to be a mandatory requirement for such an assessment.

In reviews of the MPP and BPP processes, the budget allocation process, and the human resource allocation process, we will evaluate the Department's effectiveness in aligning budget resources with U.S. foreign policy priorities, identify where the resources are currently allocated, and map these processes to gain an understanding of how those resources were allocated. We will develop a methodology to evaluate the effectiveness of the MPP and BPP in the resource allocation process and to systematically assess how well overseas missions are achieving their identified goals and whether their resources are effectively linked with policy priorities. In addition, OIG will assess aspects of the Department's policies and procedures affecting workforce planning and management, as well as the systems supporting cost and resource allocation. We will evaluate whether these systems provide sufficient, timely, and relevant information for decisionmakers to make resource decisions. To evaluate the extent of the Department's compliance with the performance measurement requirements of GPRA, audits and inspections will include steps for identifying and outlining the performance plans and measurement systems of bureaus, missions, or other areas under review, and testing the accuracy and relevance of performance measurement data.

**Performance Goal 1:** Effectiveness of the Department's new policy and resource management process in linking foreign policy resources to policy goals and priorities is determined.

Work Begun in Prior Fiscal Years

#### **Audit of Tours of Duty**

Work Planned for FY 1999

#### MPP/BPP Process (3rd Qtr FY 98)

As part of the OIG plan to evaluate how effectively the Department links its policy goals and priorities to resources and in response to a request from the Office of Resources, Plans, and Policy, OIG will map and assess the new MPP and BPP processes used in preparing the FY 2000 budget. Related work will include establishing baselines for FY 2000 and future-year changes made by the Department in aligning resources and priorities as a result of the MPP/BPP process. Domestically, a multi-disciplinary team composed of auditors, inspectors, and security oversight personnel will look at the Office of Resources, Plans, and Policy; the Bureau of Finance and Management Policy's Office of Budget and Planning; regional and functional bureaus; and other offices involved in the MPP/BPP process. The work will be conducted in conjunction with inspections of selected overseas posts and two regional bureaus.

#### **Human Resource Allocation Process (4th Qtr FY 98)**

We will map the current process for determining human resource needs and allocating those resources within the Department. This review will identify a staffing baseline for assessing future allocations using the results of the Overseas Staffing Model, the Foreign Service Job Analysis, and the MPP/BPP process. The work will

be conducted by a multidisciplinary team composed of auditors, personnel specialists, inspectors, and security oversight personnel.

#### **Budget Allocation Process (4th Qtr FY 98)**

The objectives of the review are to map the budget allocation process being used for the Department's FY 1999 budget and to establish a baseline for evaluating the effectiveness of the Department's new MPP/BPP process in future-year budget allocation decisions. The work will be performed by a multidisciplinary team of auditors and inspectors.

### The BPP Process in the Bureaus of East Asian Affairs (4th Qtr FY 98) and European Affairs (FY 1999)

As part of a scheduled inspection of the Bureau of East Asian Affairs (EAP), OIG will review the bureau's program planning process. The inspection team will examine the MPP process for EAP overseas posts, the bureau's role in the MPP process, and the extent and value of the headquarters review of the MPPs, particularly the portion of the review process conducted or guided by the geographic bureaus. They also will review the BPP process, as conducted in EAP, to gain insight into the Department's current BPP process. These reviews of the MPP and BPP processes in EAP will provide an overview of the efficiency and effectiveness of the current process and will provide baseline data on these changing processes, which are central to the Department's efforts to implement GPRA. A similar review will be conducted as part of an inspection of the Burea of European Affairs.

#### Assessing Workforce Planning (4th Qtr FY 99)

Building upon earlier FY 1999 work on mapping the Department's human resource allocation process, we plan to assess the effectiveness of the Department's processes in assigning personnel resources to meet foreign policy priority needs. As part of our effort, we will measure changes in the actual allocation of resources between bureaus and posts and will identify the attributes of successful human resource planning in other agencies as well as the private sector, with the goal of identifying best practices that the Department could adopt.

**Performance Goal 2:** The efforts of the State Department, ACDA, and USIA to develop and use performance measures are evaluated.

## Review of State/USIA/ACDA Development and Use of Performance Measures (1st Qtr FY 99)

Under the proposed Burton amendments to GPRA, each Inspector General must (1) develop and implement a plan for reviewing agency efforts to develop and use performance measures, and (2) verify and validate selected data sources and information collection and accounting systems that support agency performance plans and performance reports. While the legislation is still pending, OIG will develop and implement a review plan for use in FY 1999 in consultation with the appropriate congressional committees and agency officials.

## Strategic Goal 3: More effective, efficient, and secure operations and infrastructures

The ability of the State Department, ACDA, and USIA to advance the foreign policy interests of the United States and their respective missions depends upon the quality of agency operations and infrastructure. Readiness to meet challenges and represent the United States to the world requires high-performance organizations: the right people, with the right skills and supporting systems, in the right places at the right time, to promote national interests. For FY 1999, OIG plans to focus its efforts in four major areas relating to this goal: the management of financial, information, and human resources, and real property.

OIG is focusing also on security as it relates to each of these areas. The recent terrorist attacks on our embassies have challenged our current way of thinking about how we provide security for our posts overseas and have underscored the vulnerability of some of our missions. In response to the attacks, the Department has conducted an extensive review of mission security around the world. In order for OIG to provide broader security oversight, security inspectors will join additional post management inspection teams in Africa, the Middle East, Europe, and Asia throughout FY 1999.

At the broadest strategic level, OIG intends to work with the foreign affairs agencies we oversee to improve the efficiency, effectiveness, and security of operations and infrastructures in these four areas, as well as to reduce systemic weaknesses. Our work in FY 1999 will form the building blocks for our longer term goal of major program and management improvements.

#### **Financial Management**

The Department is in great need of fundamental reform in financial management requirements and practices. Financial management systems are obsolete and inefficient and do not provide complete, consistent, reliable, and timely information. For FY 1999, we will concentrate on three issue areas that significantly affect the Department's ability to provide an effective and efficient financial infrastructure: overall financial management, financial and accounting systems, and management controls. Our review of overall financial management will focus on providing for the production of complete, reliable, timely, and consistent financial information. For FY 1999, we plan to audit the financial statements for the agency, the Foreign Service Retirement and Disability Fund, and the International Cooperative Administrative Support Services Fund. In addition, we will perform a separate audit on the Department's implementation of the new Managerial Cost Accounting standard. We will assist the Department to prepare accurate and timely financial statements (including reviews of major line items), measure their improvement in this area compared to earlier financial statements, and ensure that management receives accurate information on which to base decisions.

We also will focus on financial and accounting systems. Financial systems have a profound impact on an entity's ability to support program delivery, safeguard assets, and manage taxpayer dollars. OIG has reported that the Department's financial systems are materially inadequate and, as a result, financial data may be

processed improperly, information needed to manage programs and agency operations may not be produced, and adequate financial statement preparation may be hindered. In FY 1999, we will review many of the vital financial management systems during our audits of the Department's financial statements. We will be able to measure improvement by comparing the results of our work to earlier OIG work in this area. We also will identify potential opportunities for streamlining during our review of the plans to consolidate the financial management systems of the State Department, USIA, and ACDA. We will provide constant feedback and recommendations to the three agencies on any issues or opportunities for cost efficiencies or streamlining that we identify during our audit, in order to assist the three agencies to merge in a timely and efficient manner.

Management controls for significant financial areas also will be a focus of the OIG. Management control weaknesses increase the risk of errors, misstatements, fraud, and waste and reduce the probability of detecting these items. In order to reduce systemic management control weaknesses, we will perform audits of the Domestic Accounts Receivable Tracking System and Foreign Service National (FSN) Payroll. Both of these areas affect material weaknesses on the Department's FMFIA report (accounts receivable and worldwide disbursing). These audits will allow us to measure the improvements the Department has made both in accounts receivable and payrolling FSNs. Also, these audits will allow us to identify any remaining weaknesses, provide a basis for recommendations to address these weaknesses, and provide input to the Management Control Steering Committee regarding whether these weaknesses should be removed from the annual FMFIA report.

#### **Information Management**

Modern information technology underpins the core foreign policy functions and plays a vital role in the success of reengineering efforts. However, for years, the Department has been unable to resolve chronic problems in managing its information resources, leaving its users with inefficient and inadequate information systems, obsolete equipment, and critical staffing and training gaps. This situation is exacerbated by the urgency of the impending year 2000 (Y2K) problem, toward which the Department must devote millions of dollars in scarce resources to ensure that all mission-critical systems function correctly on January 1, 2000, and beyond. In addition, given the rapid growth of the Internet and its potential for changing the way business is conducted, the Department must balance the benefits of acquiring full Internet access with the risks such access poses to security.

The Department has reported vulnerabilities in information management and has identified modernization, contingency planning, and mainframe security as high risk areas for years. In 1997, the Department added information systems security as a high risk area. The Department intends to establish a modernized technical infrastructure that promotes seamless communication and rapid exchange of information, data security, and flexibility to respond to evolving business requirements. Our focus in the information management area will allow OIG to report on the Department's progress in resolving the Y2K problem, acquiring full Internet access, defining an information technology architecture, and improving information systems security. Activity in ACDA and USIA will be included in the scope of the Y2K and Internet reviews.

#### **Property Management**

Maintenance and repair of overseas real estate, including planning and systems implementation and the financial oversight of funds allotted for these purposes, has improved. However, the Department cannot yet determine whether the backlog of maintenance and repair projects, including deferred maintenance, is acceptable and whether the physical condition of overseas properties has improved since earlier OIG and General Accounting Office (GAO) reviews were conducted. Acquisition and sale of overseas property—including the lack of a clear, comprehensive plan and program for overseas real estate needs and the lack of timeliness of acquisition and sale decisions—has been a long-standing problem for the Department. In this area we will review maintenance and repair of real property, identification of excess property, and property acquisition and disposal, as well as oversight of major construction projects from a security standpoint. The Office of Inspections will assist in collecting information on excess property and overall platform management issues.

#### **Human Resource Management**

People are the foundation of foreign policy. Wages and benefits associated with personnel in the State Department, USIA, and ACDA account for a major portion of our foreign affairs budget. To face the challenges of the 21st century, these agencies must be able to recruit, train, and retain qualified and energized Foreign Service, Civil Service, and foreign national personnel. Currently, they face difficulties, including recruiting and retaining specialist staff with needed technical knowledge and skills, maintaining a system of overseas allowances that is fair and equitable, and providing needed training to overseas staff. Our proposed reviews of Foreign Service specialist recruitment, overseas allowances, and training alternatives will assist the State Department, USIA, and ACDA to achieve their goal of more effective and efficient human resource management systems.

#### **Security**

In support of its performance goal for more secure personnel, facilities, information, and materials, OIG will evaluate the ability of overseas posts to respond to threats from terrorism, mob or other physical intrusion, intelligence penetrations, and crime. We will assess whether security standards are adequate to protect life and information and whether posts are implementing established Department and Federal policy, standards, and guidelines for security. We will determine whether the Department's security programs and activities are being carried out with the most efficient and effective utilization of resources. We also will evaluate whether the Department is complying with applicable laws and regulations in its security programs. Additionally, in the wake of the terrorist bombings of our missions in Nairobi and Dar Es Salaam, both of which were considered low terrorist threats, we will expand our security inspections to review vulnerabilities in nominally low threat areas. OIG also will incorporate enhanced security oversight reviews of physical and procedural security in each post management inspection.

OIG will lead an effort to determine whether U.S. personnel, classified and sensitive information, and facilities overseas are adequately protected through its security oversight inspections, audits, and follow-up reviews. Our reviews will seek to determine if the Department's information systems are secure and whether their financial systems are protected from fraud and misuse. Our previous work on security

issues will serve as our baseline. Specific areas of focus include information system vulnerability, security of mobile communications, and oversight of major embassy construction projects in Moscow and China.

A number of OIG's financial management reviews also contain elements of security oversight. For instance, during the audit of departmentwide financial statements, we are required to look at security issues related to the financial management systems. During other reviews, we will examine security of specific areas that are vulnerable to waste, fraud, and abuse, including verifying the validity of payments during the reviews of the pension fund's financial statements, electronic fund transfers, and FSN payroll. In information management, two proposed reviews are specifically designed to address telecommunications security. Other reviews address the security of the information resource management infrastructure in the area of standards and operations. Performing these jobs in conjunction with ongoing security oversight and intelligence inspections will provide a picture of the current state of information security in the Department.

**Performance Goal 1:** Potential cost efficiencies and opportunities for streamlining in areas such as human resources, information management, financial management, property management and security are identified and best practices shared.

Work Begun in Prior Fiscal Years

#### **Audit of the Real Property Advisory Board**

#### Audit of Selected Indefinite Delivery/Indefinite Quantity Contracts

#### Review of RFE/RL Administrative Activities

#### **Review of Office of Cuba Broadcasting Administrative Activities**

Work Planned for FY 1999

(\* indicates work mandated by law or special agreement.)

#### **Identification of Excess Property\* (2nd Qtr FY 98)**

OIG will conduct reviews, as part of audits and inspections at overseas posts, to identify government-owned and long-term-leased real property that may be excess, underutilized, and obsolete. These reviews were started in FY 1998, in accordance with an agreement between OIG and the Office of Foreign Buildings Operations (A/FBO) and at the request of the Under Secretary for Management. OIG will ensure maximum coverage of overseas posts by performing the review during most audits, inspections, and security reviews. Periodic reports on the results of these reviews will be provided to the Under Secretary for Management and A/FBO to assist them in managing the Department's real property assets. Further examination of the identified properties by the Under Secretary and A/FBO could result in their being determined to be excess, underutilized, or obsolete. The Department could realize increased asset management effectiveness and cost efficiencies by

subsequently taking action to dispose of excess property, fully use existing property, or better maintain or dispose of obsolete property.

#### **ICASS Service Providers (4th Qtr FY 98)**

The International Cooperative Administrative Support Services (ICASS) system was initiated in FY 1996 in response to a congressional mandate. The objective of IC-ASS is to allocate to each department and agency the full cost of its presence outside the United States. Once fully implemented, ICASS will clearly show costs by agency for both post- and nonpost-related services. In addition to allocating costs, another change brought about by ICASS is the selection of service providers. Post ICASS Councils have the option of looking at other providers (governmental or commercial) to obtain administrative support and consulting and professional services in lieu of or in addition to those provided through the Department. It will be up to the post ICASS Council to chose the most cost effective agency, contractor, or regional service center to perform services.

The objectives of this audit will be to determine whether the most cost effective service providers are being selected at posts and whether savings to the U.S. government have resulted. The audit will also determine whether the quality of services has improved as a result of ICASS service provider selection.

## Mandatory Reviews and Requests For Assistance\* (Continuous)

OIG will conduct various types of mandatory and requested audits and reviews. These efforts encompass conducting indirect cost rate reviews for USIA and State Department grantees, other agreed-upon procedures audits requested by the State Department and USIA, desk reviews of Office of Management and Budget (OMB) Circular A-133 audit reports, quality control reviews of independent accounting firms conducting audits of grantees, reviews of Fulbright commission reports, and coordination of Defense Contract Audit Agency audits requested by the Department. These audits and reviews will be used to ensure that administrative costs are reasonable and accurately distributed between Federal and non-Federal activities, independent accounting firms comply with established auditing standards, and grantees and contractors properly account for Federal funds.

## Consolidating the Financial Systems of the Department of State, USIA, and ACDA (2nd Qtr FY 99)

In order to identify potential opportunities for streamlining during the proposed consolidation between ACDA, USIA, and the Department, we will perform an audit of the adequacy of the plans to consolidate the three agencies' financial management systems. While planning for the merger, the Budget and Finance Working Group came to a preliminary agreement on the merger of all of the core financial management systems and made determinations on policies and procedures. The group chose the Department's Consolidated American Payroll Processing System and Central Financial Management System. This audit will determine whether the coordination and testing of financial systems processing at various stages of reprogramming and data migration are adequate; assess the ability of the selected financial management systems to absorb the increased workload; assess the internal control structure, including security, over providing accounting services to ACDA and USIA; and

review customer satisfaction at USIA and ACDA. We will provide constant feedback and recommendations to the Budget and Finance Working Group on any issues or opportunities for cost efficiencies or streamlining that we identify during our audit, to assist the three agencies in merging their systems in a timely and efficient manner.

#### **Inspection of the Foreign Service Institute (2nd Qtr FY 99)**

OIG will inspect the Department's Foreign Service Institute (FSI) from January to March 1999. The inspection will examine all aspects of FSI operations and its economy, efficiency, and effectiveness, and will assess how well FSI is organized, staffed, and funded to meet the career development, orientation, and training needs of the Department and other agencies. The inspection will examine how the Department determines training needs, who gets training, and how training is developed, delivered, and evaluated. We will assess whether FSI and the Department are using new available techniques, such as computer-based training.

#### Overseas Allowances (2nd Qtr FY 99)

The U.S. Government spends billions of dollars annually on more than 80 allowances paid to civilian employees working and traveling overseas. Many of the overseas allowances are established by the Department. This audit will examine the major allowances managed by the Department and will review some of the recent changes in overseas allowances methodologies to determine their reasonableness. Additionally, we plan to identify opportunities for cost efficiencies and for streamlining the processes used for setting allowances.

## The Role of Television in International Broadcasting (2nd Qtr FY 99)

The role of television in providing news and information to nations around the world is expanding. Television has become the prime information source for audiences in the developed nations, replacing the older technologies of radio and newsprint. In the developing world that pattern is less clear, but television is unquestionably becoming an important information medium. With more than a billion televisions in the world, even in the most remote and least accessible corners of the globe, satellite television has the potential to penetrate isolated and restricted local media environments. Within U.S. international broadcasting, there are four broadcast organizations involved with international television—WORLDNET Television and Film Service, the Voice of America, the Office of Cuba Broadcasting, and, to a lesser extent, RFE/RL. These international television broadcast activities have a combined annual budget of more than \$46 million. In addition, one of the FY 1999 performance objectives for U.S. international broadcasting is to expand TV broadcasting to areas where TV is the prime medium.

Our review will examine (1) the planned use of television in achieving U.S. international broadcasting objectives; (2) the interrelationship among the organizations; and (3) opportunities for and potential impediments to streamlining.

#### **Internet Implementation (3rd Qtr FY 99)**

Access to the Internet is provided to users based on a business case and security risk management acceptability. USIA—known as the United States Information Service

(USIS) overseas—employees consistently use the Internet for research, data gathering, and information dissemination. However, the State Department provides only limited access to the Internet. Users have access to Internet e-mail, but generally may not send or receive attachments or access other Internet services because of security considerations. Currently, access to the World Wide Web is limited to standalone microcomputers and stand-alone networks. Stand-alone microcomputers also are the only means for Department users to access external networks. The Department conducted an Internet risk analysis study in June 1996 and is in the process of implementing the security recommendations and providing Internet services to Department personnel. In FY 1999, policies and procedures will be documented, and an Internet management plan will be developed. The Department will establish access to the Internet via a shared network for all domestic users and a portion of the overseas sites in FY 1999. The estimated project cost through 2004 is \$9.5 million.

We will review the documentation and assessments prepared by the Internet Team within the Office of Messaging Systems. We also will review security issues, including network and configuration management, user training, incident response, and hardware and software standards. With respect to USIS, we will assess how use of the Internet has contributed to management goals and evaluate the associated costs. This review will determine whether cost efficiencies and opportunities exist for streamlining operations by identifying the costs of maintaining multiple networks at locations where both agencies are collocated.

#### Real Property Disposal Program (4th Qtr FY 99)

This audit will determine whether the Department has implemented a rational and comprehensive program and related procedures to identify and dispose of excess, underutilized, and obsolete properties. The audit will build on recent OIG work that (1) identified overseas real property that may be excess, underutilized, and obsolete and (2) evaluated the Department's Real Property Advisory Board and the Department's responses to the Board's recommendations. Prior OIG and GAO audits identified deficiencies in the Department's disposition practices for overseas real property. The sale of overseas properties was hampered by the lack of a comprehensive program to identify properties that are candidates for sale. In addition, the sale process did not ensure rational decisionmaking because post personnel were reluctant to dispose of properties unless they were assured that at least a portion of the proceeds would be retained by the post. The Department reported to the Congress that it has identified for disposal overseas real property valued at about \$400 million.

The audit will determine (1) if the Department's plan of action to identify and dispose of properties, including the priorities used to decide the order of disposal, meets the requirements for a rational and comprehensive program, (2) the success the Department has achieved in disposing of the identified properties, and (3) whether the posts adequately considered future property needs before disposing of property. The audit also will include a determination of potential efficiencies from consolidation of space, such as warehouses and offices. Audit results will identify areas where efficiency and effectiveness of disposal operations can be increased. This is important in a time when the Department has no capital budget and must finance acquisitions mostly from the proceeds of sale.

#### **Acquisition of Real Property Overseas (4th Qtr FY 99)**

This audit will review the Department's asset management program. It builds on prior work that addressed the Real Property Advisory Board, identifying possible excess, underutilized, and obsolete real property, and the Department's real property disposal program. The audit will determine whether the Department has a rational and comprehensive program and related procedures to identify needed overseas real property acquisitions. Specific objectives include evaluating (1) A/FBO's criteria for establishing priorities for funding acquisitions, including economic and foreign policy considerations, life safety factors, quality of existing facilities, and security; (2) A/FBO's plans for future acquisitions and what effects opportunity acquisitions have on those plans; (3) whether A/FBO is successful in achieving its performance goals; and (4) whether A/FBO matches proceeds from disposals to the highest priority acquisitions to ensure that needs are met. The audit should identify opportunities for increasing the effectiveness of the asset management program to ensure that effective, efficient, and secure facilities are in place when needed. It also should assist the Department in maximizing proceeds of sale for its highest priority acquisitions.

#### **Domestic Telephone Operations Survey (4th Qtr FY 99)**

In December 1993, the Department awarded a competitive 10-year, \$127-million contract to AT&T for domestic telecommunications services and equipment. This Consolidated Telecommunications System (CTS) contract provides telephone service to the Department nationwide. AT&T will provide some telecommunications services and equipment through subcontracts. This audit will review the management of the domestic telephone program, the new AT&T contract terms, calculation of unit telephone charges, and whether the Department is billed for inactive or nonexistent telephones in the D.C. area and other U.S. locations. For example, Bureau of Consular Affairs officials found that telephone lines in Miami that should have been disconnected in 1991 were not, resulting in more than \$100,000 in unnecessary charges to the Department.

#### Selected RFE/RL News Bureau Administrative Practices (4th Qtr FY 99)

Radio Free Europe/Radio Liberty (RFE/RL) broadcasts in 23 languages and operates a comprehensive regional news organization with 21 bureaus across 11 time zones of Central Europe and the former Soviet Union. Several hundred freelancers and stringers report local news and current affairs on programs in the respective audience area's own languages. Approximately \$6 million of the broadcasting division's \$30 million FY 1998 budget was allocated for news bureau operations and is used for payment of freelance fees, telephone costs, travel, and related expenses. The news bureaus are staffed with journalists and administrative staff who, in some instances, have never been schooled in internal controls and office or operations management. Prior OIG reviews of RFE/RL news bureau activities have shown several administrative control weaknesses. In addition, within the past three years, there have been cash losses of \$43,000 and \$71,000 at two separate news bureaus.

The objective of this audit is to evaluate the financial and administrative management of selected RFE/RL news bureaus. The review will focus on administrative operations and internal controls, examining various aspects of news bureau operations, including financial activities, property management, procurement practices, selected personnel and employment issues, general authorities, and procedures by which the bureaus conduct operations in the host countries.

**Performance Goal 2:** Personnel, facilities, information, and materials are more secure through the identification and correction of security weaknesses and deficiencies related to human intelligence, technical and physical attacks, terrorism, and crime.

Work Begun in Prior Fiscal Years

Security Audit of Card Access Control Systems

Security Audit of Foreign Dignitary Protective Services

Security Audit of Overseas Telephone Security Management

Work Planned for FY 1999

(\* indicates work mandated by law or special agreement.)

#### State's Handling of Classified Information\* (4th Qtr FY 98)

As required by the 1998 Intelligence Authorization Bill, OIG will conduct a security audit of classified information handling in the Department headquarters building. The objectives are (1) to determine whether the Department's current procedures for handling classified information are adequate to protect the information from disclosure to unauthorized individuals and (2) to identify any impediments that prevent the adequate protection of classified information, such as inadequate training, lack of appropriate oversight, and the need for protective equipment, facilities, or supplies. We will examine the policy and procedures used by the Department to safeguard top secret, compartmented national security information.

The review will include the Bureau of Intelligence and Research as the Department control point and other selected bureaus as users. We will review pouch operations and other practices used for filing, storing, transporting, distributing, archiving, and disseminating classified information. This review will be conducted by security auditors and members of OIG's Congressional and Media Relations staff, who will interview appropriate officials and observe the handling of classified information to assess the adequacy of current procedures.

#### **Moscow Chancery Construction Oversight\* (Continuous)**

As agreed between senior representatives of the Department and the intelligence community, OIG has committed to provide senior Department officials and congressional oversight committees with current information on the construction of the secure chancery facilities in Moscow and to make timely recommendations to improve the security aspects and contract administration of the project. To accomplish this mission, a team of interagency professionals within OIG has been examining security issues concerning secure logistics, personnel security, physical and technical security, and cost and scheduling. The team conducts semiannual onsite inspections in Moscow; reviews recurring reports from the program office and general contractor; participates in meetings with other affected organizations (e.g., the intelligence community, the Bureau of Diplomatic Security, A/FBO, and congressional oversight committees); and issues semiannual progress reviews, with recommendations as necessary.

#### **China Chancery Construction Oversight\* (Continuous)**

Similar to the agreement between senior representatives of the Department and the intelligence community relating to the Moscow Chancery construction, OIG has committed to provide senior Department officials and congressional oversight committees with current information on the design and construction of the secure chancery and other facilities in China and to make timely recommendations to improve the security aspects and contract administration of the project. To accomplish this mission, a team of interagency professionals within OIG will examine security issues concerning secure logistics, personnel security, physical and technical security, and costs and schedules pertaining to the development and building of these facilities. The team plans to conduct semiannual onsite inspections in China; review recurring reports from the program office and general contractor; participate in meetings with other affected organizations (e.g., the intelligence community, DS, A/FBO, and congressional oversight committees); and issue semiannual progress reviews, with recommendations as necessary.

#### Nairobi and Dar Es Salaam Chanceries Construction Oversight (Continuous)

OIG will provide senior Department and congressional oversight committees with current information on the security of the temporary chanceries and the design and construction of secure chanceries in Nairobi and Dar Es Salaam. To accomplish this mission, a team of interagency professionals within OIG will examine security at the temporary chanceries; design features in the new chanceries; construction security plans; security issues concerning personnel security, physical and technical security, and secure logistics; and cost and scheduling. The team will conduct onsite inspections in Nairobi and Dar Es Salaam, as required; review recurring reports from the program office and general contractor; participate in meetings with other affected organizations (e.g., the intelligence community, the Bureau of Diplomatic Security, A/FBO, and congressional oversight committees); and issue semiannual progress reviews, with recommendations as necessary.

#### **Oversight of Emergency Security Enhancements (Continuous)**

OIG will provide senior Department officials and congressional oversight committees with current information on emergency security enhancements to overseas diplomatic facilities as the result of the bombings in Africa and to make timely recommendations to improve the security aspects and contract administration of the enhancements. To accomplish this mission, a team of interagency professionals within OIG will examine design features in the enhancement projects; construction security plans; security issues concerning personnel security, physical and technical security, and secure logistics; and cost and scheduling. The team will conduct onsite inspections at the project sites, as required; review recurring reports from the program office and general contractor; participate in meetings with other affected organizations (e.g., the intelligence community, the Bureau of Diplomatic Security, A/FBO, and congressional oversight committees); and issue semiannual progress reviews, with recommendations as necessary.

#### Foreign National Employee Program in Russia\* (1st Qtr FY 99)

As agreed between senior representatives of the Department and the intelligence community, OIG has committed to an annual review of the status of foreign nation-

al, primarily Russian, employees at U.S. diplomatic facilities in Russia. In a 1991 decision by then President Bush, Embassy Moscow was allowed to reemploy Russian national employees, following their withdrawal in 1986. The conditions for allowing these employees to reenter U.S. diplomatic facilities were set forth in the Pearson-Scowcroft agreement, which provides that foreign national employees work only in unclassified areas; that sensitive American personnel and personal data be processed only by cleared Americans; and that all maintenance, repair, and custodial functions in controlled-access areas be done by cleared Americans. The OIG review concentrates on ensuring that these provisions are adhered to and makes recommendations addressing any vulnerabilities noted.

#### Department Systems Vulnerability from Outside Connectivity to Networks (1st Qtr FY 99)

This security review will assess the Department's outside connectivity at and beyond the direct first level to provide a basis for the Department's principal managers to evaluate (1) the risk of interconnectivity and (2) their responsibility to protect other agency systems connected to State Department systems. OIG will evaluate classified and unclassified networks to allow the Department to establish understandings with managers of other outside networks regarding the security of their networks that affect the Department's networks. The connectivity paths of two Department networks will be traced using specialized software to determine where the networks go and who would have access to the networks and the data that resides on them. These networks, one unclassified and the other classified, will be determined at a later date but will be selected from those that are closed to public access (i.e., not on the system hosting the Department's Internet website).

## Mobile Communications Security for Secretariat and U.S. Diplomatic Delegations (3rd Qtr FY 99)

This security audit will assess the adequacy of in-transit voice and data communications security for the Secretariat and special U.S. diplomatic-level delegations. In addition to aircraft- and land vehicle-based communications, the audit will assess the adequacy of communications equipment and practices provided by the government in commercial accommodations (i.e., hotel and temporary office space) and at key U.S. Government communications links accessed by the delegations. This project will require liaison with DS and other agency groups responsible for transportation and technical support. A baseline will be established from criteria and actual support practices of similar official U.S. delegations of other agencies. OIG field work will include observing communications support during actual diplomatic missions. Findings will be coordinated with agencies responsible for such logistical support and security, as well as with DS and the Under Secretary for Management.

## Management of the Global Plan for Security Engineering Officers (3rd Qtr FY 99)

DS's Global Plan calls for (1) regional bureaus to transfer 61 security engineering officer (SEO) positions to DS and (2) an overall reduction of 16 SEO positions worldwide. DS expects the plan to save the Department about \$800,000 annually. The principal objective of this security audit is to determine how effectively technical security support is being provided for overseas posts under the Global Plan. The audit will focus on (1) the effects of transferring 61 SEO positions to DS from the regional bureaus, (2) the level of SEO support provided to overseas posts under the plan, and (3) the effect the Global Plan has had on the workload of the security engineering maintenance program. The workload of security-related engineering services provided to overseas posts will be assessed by consulting with DS program managers at headquarters, representatives of engineering service centers and offices, and post security representatives, such as regional and post security officers; and by reviewing applicable service activity reports. Costs associated with implementing the Global Plan will also be evaluated.

#### Management and Oversight of the Bureau of Diplomatic Security Office of Overseas Operations (3rd Qtr FY 99)

This project will review the management and oversight of DS's Office of Overseas Operations (DS/DSS/OP). Specifically, the project is intended to address the office's overall security management practices within DS, especially its role in promulgating, throughout the overseas diplomatic community, the security policy guidance developed by the Overseas Security Policy Board. Successful implementation of such policies (e.g., funding and staffing concerns) also will be examined, as will DS/DSS/OP involvement within DS, the Department, and the overseas community. This review will focus primarily on DS/DSS/OP activities in Washington, D.C., and will concentrate on the office's ability to provide information on physical, procedural, technical, and information security, and emergency preparedness to the Department's overseas and domestic operations. OIG will examine guidance and operational activities throughout DS/DSS/OP, including guidance to the Department of State, regional bureaus, and other overseas agencies.

**Performance Goal 3:** Systemic weaknesses in areas such as financial and information management, personnel systems, and real property management are reduced.

Work Begun in Prior Fiscal Years

**Expenditures from the Appropriation for Emergencies in Diplomatic and Consular Services** 

**Unliquidated Obligations** 

**Status of Financial Systems Plans** 

**Overseas Cashiering** 

**Unbilled Accounts Receivable** 

**Electronic Fund Transfers** 

Florida Regional Center

Department of State's Agencywide Financial Statements for FY 1997

**ICASS Financial Statements for FY 1997** 

(\* indicates work mandated by law or special agreement.)

#### **Y2K Challenge (Continuous)**

A major focus for the Department is ensuring that all systems will function correctly after the turn of the century. Of the approximately 75 software systems the Department operates on a worldwide basis, 65 are designated as mission critical. The Department's tactical plan shows central funding of \$2.1 million to fund Y2K activities in FY 1999. The objective of this audit is to assess the Department's overall progress in making corporate systems—including software, hardware, and embedded systems—year 2000 compliant. Currently, we have two ongoing efforts: a review of the Y2K Project Management Office (PMO) and bureau efforts, and Y2K certification of mission-critical applications. These two initiatives will focus on mission-critical software applications, but we also plan to review nonmission-critical and noninformation technology (embedded) systems that are subject to failure on January 1, 2000. Our third initiative will assess the Y2K remediation efforts at overseas missions and posts. These efforts will enable the Department to determine the success of their remediation efforts and highlight the need for contingency planning where appropriate. In addition to evaluating USIA's and ACDA's progress in Y2K remediation efforts, we will identify opportunities for streamlining operations.

## **Domestic Accounts Receivable Tracking System** (4th Qtr FY 98)

The Department reported \$391 million in accounts receivable in its financial statements for FY 1997. To reduce systemic weaknesses in financial management, OIG will perform an audit of the Domestic Accounts Receivable Tracking System (DARTS). The Department has been reporting accounts receivable as a material weakness since 1993. Because the Department currently is implementing DARTS, which is designed to consolidate the Department's receivables and comply with the Debt Collection Act, the Department downgraded accounts receivable from a material weakness in FY 1998.

The audit will determine whether DARTS (1) properly accounts for and records receivables for financial records and statements, (2) contains adequate controls, (3) allows the Department to comply with the Debt Collection Act, and (4) provides adequate supporting documentation for receivables and write-offs. We also will determine whether performance measures have been established and will review the appropriateness of the measures, the data collection system, and the data reported. This audit will allow us to measure improvements the Department has made in recording domestic accounts receivable, identify any remaining weaknesses, provide a basis for recommendations to address these weaknesses, and assist the Management Steering Committee to determine whether accounts receivable should be removed from the annual FMFIA report.

#### Maintenance and Repair of Buildings (4th Qtr FY 98)

OIG will audit the Department system established to identify and prioritize maintenance and repair needs and will evaluate the systems used to determine work needed for aging buildings and to plan maintenance of new buildings. The Department budgeted nearly \$143 million for maintenance of buildings, facilities, rehabilitation

and support systems, and facility maintenance assistance programs for FY 1998. This audit will determine whether there are systemic weaknesses in the Department's system to identify and prioritize maintenance and repair needs; monitor the worldwide backlog of maintenance and repair needs and determine whether the backlog is growing or shrinking; ensure that maintenance and repair work is performed as planned and that work actually is needed and improves the physical condition of the facilities; and assess the value of deferred maintenance. Actions taken by the Department on identified weaknesses in the system will increase the effectiveness of the maintenance and repair operations and ensure that the facilities' infrastructure will continue to provide support for the Department's foreign policy initiatives.

### Audits of Department of State Financial Statements for FY 1998 and FY 1999\*

Under the Chief Financial Officers Act of 1990, OIG is required to audit the financial statements of the Department and related programs. The purpose of these audits is to express an opinion on the financial statements; evaluate internal controls and the internal control environment; review compliance with applicable laws and regulations; review the performance measures included in the financial statements for compliance with OMB guidance; review work being done to comply with GPRA; and review the controls in the Department's computer systems that are significant to the financial statements. These audits will allow OIG to assist the Department in preparing accurate and timely financial statements. We will be able to measure the Department's improvements by comparing the timeliness and reliability of the financial statements to those prepared and audited in prior years. OIG will audit three Department financial statements. The audits for the Department's FY 1998 and FY 1999 financial statements will begin during the fourth quarter of the respective fiscal year.

- Department of State Agencywide Financial Statements OIG's audit of the Department's agencywide financial statements will focus on material line items, programs, and bureaus, and will review the subsidiary systems and records that provide information for the financial statements. OIG will coordinate its efforts with GAO for issues and accounts related to the Department's input to the government—wide financial statements, which will be used by GAO in issuing an opinion on the governmentwide financial statements.
- International Cooperative Administrative Support Services' Financial Statements ICASS is a way to manage and fund overseas support to government agencies and is designed to more equitably spread the support costs. It was developed in response to a National Performance Review initiative and to fulfill a congressional mandate that the Department put in place a system to capture the full costs of supporting other agency's overseas presence.
- Foreign Service Retirement and Disability Fund's Financial Statements FS-RDF is a defined benefit pension trust fund that contains approximately \$8.5 billion in assets, which are held in trust for Foreign Service officers eligible under the Foreign Service Act of 1980. The Fund covers all foreign affairs agencies, including the State Department, the Agency for International Development, and USIA.

#### Recruitment of Foreign Service Specialists (1st Qtr FY 99)

OIG plans to evaluate the policies and practices used by the foreign affairs agencies to recruit Foreign Service specialists, including identifying progress made by the Department in addressing critical shortages in the administrative area, which has been identified as a material weakness since 1988. Work will include determining the extent to which the agencies can take advantage of alternative hiring methods used by other agencies and organizations. We will report on opportunities for making the process for recruiting specialists more effective and efficient to address this systemic human resource weakness.

#### Review of Relay Station Network (1st Qtr FY 99)

The International Broadcasting Act of 1994 consolidated all nonmilitary U.S. international broadcasting organizations under the BBG. As a result of the consolidation, the Voice of America and RFE/RL technical operations, including relay station operations, were combined under the International Broadcasting Bureau (IBB). Several domestic and overseas relay stations were closed in the consolidation process, resulting in an IBB network consisting of 14 IBB-operated relay stations and 10 leased relay stations, with an FY 1999 budget of \$67 million. Past audit and investigative work by the former USIA OIG uncovered internal control weaknesses involving the operations of selected relay stations. More recent information indicates that administrative and management problems may still exist at some relay stations, including such problems as surplus inventories, lack of control over government property, and deficient personnel management practices. Also, concerns have been raised that some relay stations remain in operation despite high costs and questionable effectiveness in reaching desired audiences, whereas more efficient stations with better ability to reach targeted audiences may have been closed.

The primary objectives of the audit will be to evaluate administrative management practices at selected IBB relay stations to ensure that the stations are being operated in accordance with established policies and to examine the justifications used to close selected relay stations and transfer assets to other stations remaining in operation. As part of the audit, OIG will review IBB plans for continued station development and expansion as well as completion of relay stations that are under construction or are not yet on line. The audit will contribute to OIG's goal to reduce systemic management weaknesses in agency administrative activities as well as to OIG's goal to identify potential cost efficiencies and opportunities for streamlining operations while increasing effectiveness.

#### Foreign Service National Payroll - Followup (1st Qtr FY 99)

OIG will audit FSN payroll as a followup to a three-part review of the FSN Compensation System issued in 1992 and 1993. The Department has reported worldwide disbursing as a material weakness since 1991 in its annual FMFIA report to the President. A significant amount of worldwide disbursements made by the Department involve payroll for FSNs that the Department and other foreign affairs agencies employ in administrative, consular, and other mission functions. At the time of our last audit, the U.S. Government employed more than 30,000 FSNs with an annual payroll of approximately \$400 million dollars.

This audit will focus on how FSNs are paid—including how employee information is transmitted to the Financial Service Centers (FSCs) that provide administrative and payroll support to serviced posts, and how pay is calculated and distributed; it will not look at how wages are established. Specifically, the audit will (1) review compliance with laws and regulations related to FSN payrolling, (2) review internal controls surrounding the calculation and delivery of FSN pay, (3) determine if the payroll system adequately processes FSN payroll, and (4) determine if expenditure information is accurately reported on the financial statements. The audit also will determine whether performance measures have been established and will review the appropriateness of the measures, the data collection system, and the data reported. This audit will allow us to measure improvements the Department has made in FSN payroll practices since our 1992 and 1993 audits, as well as in the overall disbursement function. We will identify any remaining weaknesses, provide a basis for recommendations to address these weaknesses, and provide input to the Management Steering Committee regarding whether worldwide disbursing should be removed from the annual FMFIA report.

#### Managerial Cost Accounting (1st Qtr FY 99)

This audit will assess the Department's implementation of the new Managerial Cost Accounting standard. This guidance, which became effective for the fiscal year ending September 30, 1998, requires each reporting entity to accumulate and report the costs of its activities on a regular basis for management information purposes. Each entity must define and establish responsibility segments and measures and report the cost of each segment's output. The full costs of outputs must be reported, including the full cost of goods and services received from other entities. The audit will evaluate the Department's selection of its reporting entities; the procedures provided to the reporting entities; and the entities' collection, measurement, accumulation, analysis, and interpretation of the managerial cost information, as well as determine how management will incorporate the information in its decisionmaking processes and planning. The audit will identify any weaknesses in the implementation of the standard and will serve as a basis for recommendations to address these weaknesses. In addition, it will provide a baseline to measure the Department's improvements in the area during future years.

### Implementation of AIT's Financial Management System\* (1st Qtr FY 99)

During FY 1998, OIG issued a special status report on the financial and administrative operations of the American Institute in Taiwan (AIT), including actions that needed to be taken by AIT before implementing its new financial management system. The planned system, called Platinum, is an off-the-shelf financial software package that AIT plans to have installed by October 1, 1998. OIG will work, in conjunction with the Bureau of Finance and Management Policy and AIT's outside auditors, to ensure that previously reported financial management weaknesses have been corrected and that adequate controls have been put in place.

#### **Information Technology Architecture (4th Qtr FY 99)**

The Department has consistently reported systemic weaknesses in its management of information technology—in part because Information Resource Management is

conducted in a federated process but by decentralized organizations, including the regional and functional bureaus. The Clinger-Cohen Act of 1996 requires the Department's chief information officer to establish a common framework for information technology. This audit will determine whether the Department has developed such a framework that includes formal descriptions of the global network, equipment software structure, and security architectures. We also will determine if these descriptions ensure that the corporate business requirements for connectivity, interoperability, security, manageability, flexibility, and extensibility are met. Currently, the Department includes Automated Logistical Management Architecture, the Diplomatic Telecommunications Service—Postal Operations network, and infrastructure management in its Technical Infrastructure Architecture. The architectures are to be developed incrementally, validated by the bureaus, and promulgated by the Chief Information Officer in the fourth quarter of FY 1998. We will verify that this guidance is used and followed and will determine if the guidance promotes development of global connectivity, adequate security, reliable messaging, and robust applications.

#### **Training Alternatives for the Foreign Service (4th Qtr FY 99)**

The ability of the Department to deliver training to overseas personnel—including Foreign Service officers, specialists, and foreign nationals—has been an area of concern for years. OIG will evaluate the Department's training policies and practices to quantify the training shortfall, document the effect of the shortfall, identify impediments to an adequately trained overseas workforce, and examine alternative approaches to training. This audit will follow up, as necessary, on issues raised during our FSI inspection to help develop a more effective training program and address a long-standing human resource weakness.

# Strategic Goal 4: Greater adherence to fundamental principles governing professional and ethical conduct

OIG is mandated to prevent and detect waste, fraud, and mismanagement. Specific allegations or other information indicating possible violations of law or regulation are investigated by OIG special agents, supported by experts from other OIG offices as appropriate. During FY 1999, OIG will focus on promoting increased awareness of standards of conduct and accountability among agency and OIG employees, contractors, and other appropriate audiences, including representatives of foreign governments who have requested OIG assistance on this issue. Results from audits, inspections, and investigations will be highlighted and recommendations made to reduce areas of vulnerability and opportunities for misconduct.

For the most part, OIG's investigative workload is reactive, being determined by irregular patterns of criminal activity and misconduct. Because timeliness is often as important as thoroughness in identifying the guilty and exonerating the innocent, OIG will reduce the length of time required to conduct its investigations and to close cases. OIG also will work proactively, in consultation with targeted audiences, to improve adherence to standards of accountability by ensuring that employees are informed of and understand the standards specific to their professional and ethical conduct. Accordingly, OIG will work with the foreign affairs agencies to improve their programs for educating employees on standards of accountability.

**Performance Goal 1:** Awareness and understanding of standards of conduct and accountability are increased.

The Offices of Investigations and Counsel, with assistance from the Offices of Audit, Inspection, Security and Intelligence Oversight, and Policy, Planning, and Management, as appropriate, will take an aggressive and proactive approach to improve the awareness and understanding of standards of conduct and accountability of our agencies' employees by:

- Developing and implementing training methodologies/modules to improve agency employees' education on standards of conduct and accountability, including OIG presentations on the subject to employees receiving training at the Foreign Service Institute;
- Providing internal training to all OIG employees to equip them to "carry the message" to agency employees on standards of conduct and accountability; and
- Increasing the use of fraud alert bulletins, management reports, and worldwide cables to communicate standards of conduct and accountability.

**Performance Goal 2:** Areas of vulnerability and opportunities for misconduct are reduced.

Carryover projects from prior fiscal years that support this performance goal include an audit of Expo 98 in Lisbon, audits of selected Fulbright commissions, and audits of two USIA grantees.

#### Work Planned for FY 1999

Through audits, inspections, and investigations, OIG will identify areas of significant vulnerability at our agencies and recommend policies and procedures to reduce or remove them. OIG will conduct, as appropriate, quality assurance and follow-up surveys and reviews to assess the effectiveness of policies and procedures that have been implemented by our agencies. OIG will also establish baselines for tracking the effectiveness of OIG-recommended policies and procedures in reducing significant vulnerabilities.

To deter and reduce fraud, waste, and mismanagement, OIG will conduct audits of selected grantees to determine whether the organizations expended Federal funds for the intended purpose of the grant and in accordance with applicable Federal laws and regulations related to the agreement terms and conditions. Audits for FY 1999 will include:

#### **Audits of Selected Grantees (Continuous)**

USIA and State provide about \$1 billion annually in Federal assistance to nongovernmental organizations that conduct Federal programs and other related activities.

Past reviews of these organizations identified instances of fraud, waste, and mismanagement. Many of these organizations no longer will be subject to audit under OMB requirements. When indications of problems exist, or when requested by USIA, OIG will conduct audits of selected grantees to determine whether the organizations expended Federal funds for the intended purpose of the grant and in accordance with applicable Federal laws and regulations related to the agreement terms and conditions.

#### NIS International Exchanges (1st Qtr FY 99)

USIA is responsible for implementing and administering exchange programs for building democracy in the New Independent States (NIS) of the former Soviet Union. Through FY 1997, nongovernmental organizations received from USIA more than \$250 million in Freedom Support Exchanges to fund democracy and free-market development programs for the exchange of students, scholars, and professionals between the United States and NIS. Because of the location of grantees, the elimination of audits for foreign grantees, and the large amount of funding involved, the potential for fraud, waste, and mismanagement is higher than in other programs. We will conduct audits of selected domestic and overseas NIS grantees to determine whether the organizations expended Federal funds (1) for the intended purpose of the grant and (2) in accordance with applicable Federal laws and regulations related to the agreement terms and conditions. These audits will be used to deter and reduce fraud, waste, and mismanagement.

#### **Monitoring Contractor Performance (3rd Qtr FY 99)**

OIG will audit selected contracts domestically and at overseas posts. During FY 1997, the Department spent more than \$1 billion on goods and services, which Department contracting officers and their designated representatives are responsible for ensuring that the Department receives. Monitoring contractor performance is an integral part of contract administration and consists of systems and procedures to ensure compliance with the terms and conditions of performance specified in government contracts. Department contracting officers and their representatives also play an important role in the detection and prevention of fraud and malfeasance as it relates to Department procurement.

The overall objective of this audit will be to determine whether effective systems and procedures are in place to adequately monitor contractor performance and detect instances of fraud or malfeasance. Specific objectives will be to determine whether inspection systems and procedures provide adequate assurance that contract requirements are met, goods and services procured under contracts are actually received, deficiencies in contractor performance are documented and corrected, and deductions from contractor payments are assessed when appropriate. This audit will also identify opportunities for streamlining and cost efficiencies, focusing on systemic weaknesses in the post-award phase of procurement, and will recommend policies and procedures to reduce or remove inefficiencies and systemic weaknesses identified.

**Performance Goal 3:** Allegations are reviewed and investigations are conducted expeditiously, while ensuring quality results and products.

OIG will work to reduce the length of time that employee investigations are open, conduct a sample review of cases by an independent case/desk officer to determine if management and the case agent complied with OIG's new timeliness requirements and the Office of Investigations' policy and procedures manual, revise the reporting format on administrative reports of investigation to improve their quality and usefulness to customers, and meet periodically with customers to fully identify and clarify their needs.

**Performance Goal 4:** Awareness and understanding of the investigative process are increased.

The Offices of Investigations and Counsel will take a proactive approach to educating our agencies' employees on OIG's investigative process and provide training at domestic and overseas posts relating to the Investigative Process Brochure released in October, 1997. Training topics will also include OIG's role and mission, employees' rights and responsibilities, the Inspector General Act, and the Whistleblower Protection Act. Approximately one-third of overseas posts will be visited this fiscal year.

# Strategic Goal 5: Improved management and performance of resources to accomplish OIG objectives

Through this strategic goal, OIG is turning the same management eye on itself that it casts on other organizations. In FY 1999, a number of internal actions will be taken to improve how well our people and dollars are managed and used. These activities will focus on identifying and addressing weaknesses in project management and use of OIG resources and on improving the timeliness and quality of OIG products to better serve the needs of OIG constituencies and stakeholders, including heads of agencies and senior managers, OMB, and Congress.

**Performance Goal 1:** Project management and resource utilization weaknesses are identified and reduced.

An employee survey will be conducted, which will focus on internal impediments to accountability, communication, and teamwork. The findings of the survey will be analyzed and actions taken to resolve any problems identified. At the end of the project, we expect to have identified and resolved significant employee concerns and perceived impediments to the most effective and efficient use of our human

resources and that, as a result, staff morale and performance will have improved. Survey results and any subsequent conclusions and recommendations will be communicated widely to management and OIG staff via our computer network. Products will include survey summaries, conclusions and recommendations, as well as new and revised OIG policies, procedures, practices, and directives as appropriate.

Data will be collected from all OIG employees each pay period concerning the time spent on projects on which the employee worked. Analysis will be performed and shared with OIG managers to determine whether projects are on schedule and within budget. At the end of the project, we expect to be able to accurately record and monitor the total number of staff days expended on each OIG work product. This data will be helpful in future initiatives to identify opportunities for improving timeliness and cost efficiencies of OIG operations. The data collected also will be used to evaluate the ways in which OIG currently does business, which we expect to result in better products.

An assessment will be made of OIG skills, both what we have and what we need. This will serve as the basis for targeted recruiting and training programs. Included in the training effort will be Individual Development and Training Plans for each OIG employee, which reflect the needs of both the employee and the organization. An attrition study also will be performed, based on exit surveys of OIG staff, correlated with information derived from the employee survey. At the end of this project, we expect that (1) the knowledge, skills, and abilities (KSAs) required to meet the strategic goals of the OIG will have been identified; (2) the KSAs resident in OIG staff will have been identified; (3) Individual Development and Training Plans will have been developed for all employees that are reflective of the KSAs required to meet the strategic goals of the OIG; (4) new personnel will be recruited who have the specific KSAs needed by OIG; and (5) the retention rate of skilled staff will have increased.

**Performance Goal 2:** Timeliness and quality of product processing and distribution are improved to meet customer needs.

OIG will work to improve the appearance of its products and the speed with which they can be released, and will begin the development of mechanisms to survey the satisfaction of our external customers. In FY 1999, OIG will (1) develop tracking and quality control mechanisms, and review the processing and distribution of its products, to determine ways in which timeliness and quality may be enhanced; (2) conduct a study to determine whether standards, editing, and formats would improve our processes and products; and (3) develop a customer survey and establish a customer feedback system to increase the usefulness of our products to our customers.

### **Appendix: Types of OIG Activities**

#### **Audits**

Audits cover the management and financial operations of an organization; the economy or efficiency with which an organization, program, or function is managed; and the program results achieved. Audits assess the degree to which an organization complies with laws, regulations, and internal policies in carrying out programs, and they test program effectiveness as well as the accuracy and reliability of financial statements. The definition for effectiveness is derived from the agency objectives, operating within the relevant laws and directives. The overall objective of an audit is to recommend improvements in the management and conduct of programs and activities.

#### Inspections

Inspections are conducted to provide overseas missions and domestic bureaus with information about the effectiveness of their performance and the quality of their management and operations through a comprehensive review of three primary areas: policy implementation, resource management, and management controls. The inspection is an independent review, intended to induce positive change; encourage self-evaluation and correction; provide counseling to employees, including senior managers; offer advice, identify problems, and recommend solutions. Inspections differ from audits in that they normally review an organization in its entirety, while audits concentrate on a particular function or program that may cross several organizations.

During FY 1999, OIG will conduct inspections of FSI and the Bureau of European Affairs, as well as the following overseas missions and organizations. Areas of particular emphasis in FY 1999 will include the International Cooperative Administrative Support System, the MPP/BPP process, resource linkage, and real property.

Africa	East Asia	Europe	Latin America	Near East	South Asia
Burundi	AIT	Ireland	Dominican	Algeria	India
Liberia	Japan	Romania	Republic	Egypt	Nepal
Malawi	Philippines	Ukraine	Haiti	Israel	Sri Lanka
Rwanda		United		Jerusalem	
Sierra Leone		Kingdom			
Uganda					
Zambia					
Zimbabwe					

#### **Security Audits**

OIG security audits of the Department's management of its security resources are designed to promote both savings and increased effectiveness. They examine the management and administration of security programs, determine the systemic causes of problems, evaluate the adequacy of internal controls, and identify ways to enhance Department operations and promote greater economies and efficiencies.

#### **Security Inspections**

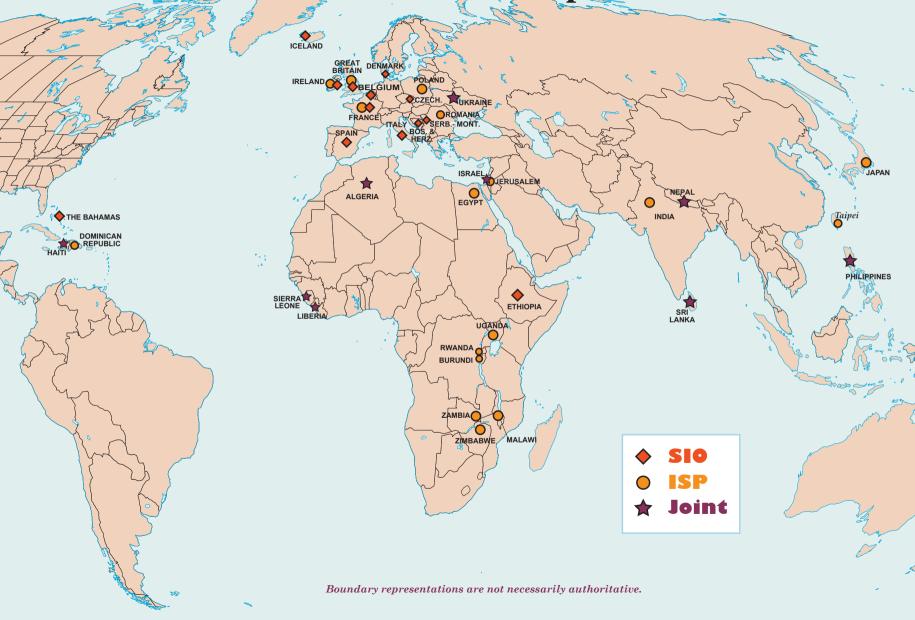
As required by the 1989 memorandum of agreement between the Secretary of State and the Inspector General, OIG's Office of Security and Intelligence Oversight (SIO) conducts security oversight inspections of overseas U.S. diplomatic facilities to provide the inspected posts, the Department, other overseas agencies, and Congress with timely assessments of the overall security posture of U.S. diplomatic posts. Normal SIO inspections cover the entire spectrum of security, including protection of personnel, classified and sensitive information, and U.S. facilities and operations. Security experts from various overseas agencies analyze the full range of security programs under the chief of mission auspices, including physical, personnel, procedural, technical, and information security and emergency preparedness, and make recommendations to correct identified vulnerabilities. However, since the bombings of our missions in Nairobi and Dar Es Salaam, SIO security experts are being assigned to OIG teams conducting inspections of posts' administrative and reporting functions. These security experts will concentrate on physical security and emergency preparedness issues to ensure that posts are doing all they can to protect against terrorist attacks. As a result, these ISP-assisted inspections will be more narrowly focused than normal SIO inspections.

OIG security oversight and intelligence inspections support OIG's goals of improved implementation of foreign policy, particularly with respect to chief of mission responsibility for oversight of intelligence activities at overseas missions and more effective, efficient, and secure operations and infrastructures. During FY 1999, OIG will conduct security inspections of the following overseas missions as well as the U.S. Missions to three international organizations: the European Union, the North Atlantic Treaty Organization, and the United Nations.

Africa	East Asia	Europe		Near East	South Asia
Liberia* Sierra Leone*	Philippines*  Latin America  Haiti*	Czeck Republic Denmark France Iceland Ireland	Italy Serbia- Montenegro Spain Ukraine* United Kingdom	Algeria* Israel*	Nepal* Sri Lanka*

<sup>\*</sup>SIO assistance to Office of Inspections limited to security and emergency preparedness issues.

# Planned ISP & SIO FY 1999 Inspection Locations



### **List of Abbreviations**

A/FBO	Office of Foreign Buildings Operations, Bureau of Administration
ACDA	U.S. Arms Control and Disarmament Agency
AIT	American Institute in Taiwan
BBG	Broadcasting Board of Governors
BPP	Bureau performance planning
CTS	Consolidated Telecommunications System
DARTS	Domestic Accounts Receivable Tracking System
DS	Bureau of Diplomatic Security
FMFIA	Federal Managers' Financial Integrity Act
FSC	Financial Service Center
FSI	Foreign Service Institute
FSN	Foreign Service national
GAO	General Accounting Office
GPRA	Government Performance and Results Act
IBB	International Broadcasting Bureau
IG	Inspector General
KSAs	Knowledge, skills, abilities
MPP	Mission performance planning
NIS	New Independent States
OMB	Office of Management and Budget
PMO	Project Management Office
RFE/RL	Radio Free Europe/Radio Liberty
SEO	Security engineering officer
USIA	United States Information Agency
USIS	United States Information Service
Y2K	Year 2000

Requests for additional copies of this publication should be addressed to:

Office of Inspector General OIG/PPM/PRA, Room 6817 U.S. Department of State Washington, D.C. 20520-6817

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